

United States Environmental Protection Agency  
Criminal Investigation Division  
Investigative Activity Report

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of (b)(6), (b)(7)(C), DWSD Senior Assistant Civil Engineer

Activity Date:

May 19, 2010

Reporting Official and Date:

(b)(6), (b)(7)(C), RAC

21-MAY-2010, Signed by: (b)(6), (b)(7), RAC

Approving Official and Date:

(b)(6), (b)(7)(C), SAC

24-MAY-2010, Approved by: (b)(6), (b)(7), ASAC

SYNOPSIS

05/19/2010 - U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C), Senior Assistant Civil Engineer, Detroit Water and Sewerage Department (DWSD) regarding the Baby Creek Combined Sewer Overflow (CSO) contract known as PC 748.

DETAILS

On May 19, 2010, U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C), Senior Assistant Civil Engineer, Detroit Water and Sewerage Department (DWSD) regarding the Baby Creek Combined Sewer Overflow (CSO) contract known as PC 748. Also present during this interview was (b)(6), (b)(7)(C), Deputy General Counsel, City of Detroit Law Department. After being informed of the identity of the interviewing agent and the purpose of the interview, (b)(6), (b)(7)(C) provided the following information:

Terrence (b)(6), (b)(7)(C), Detroit, MI 48236; DOB: (b)(6), (b)(7)(C); cellular: (b)(6), (b)(7)(C).

(b)(6), (b)(7)(C) has been a Senior Assistant Civil Engineer for the DWSD for 28 years. (b)(6), (b)(7)(C) was the DWSD Project Manager for the Baby Creek CSO project known as PC 748. In this capacity (b)(6), (b)(7)(C) was responsible for the daily management of the project which included drafting change authorizations. There was also one change order written for PC 748 which was for an extension of time.

The \$10 million allowance for Patton Park was akin to a design build contract. The DWSD approved costs for the subcontractors as they were proposed. (b)(6), (b)(7)(C) was the DWSD Project Engineer assigned to Patton Park.

(b)(6), (b)(7)(C) characterized two change orders submitted by Ferguson Enterprises Inc. (FEI) as being totally fraudulent. These change orders were denied by (b)(6), (b)(7)(C) of the DWSD and Walbridge. (b)(6), (b)(7)(C) explained that the change orders were for items which FEI was contractually obligated to perform and for certain items had already been given a change order for. (b)(6), (b)(7)(C) commented that (b)(6), (b)(7)(C) was amazed that FEI submitted the two change orders, which were for \$500,000 and \$1 million each. FEI had been working at the site for a year and a half at the time they submitted the change orders, which had to do with the handling of soils. (b)(6), (b)(7)(C) felt that FEI should have negotiated the alleged additional costs when (b)(6), (b)(7)(C) was negotiating the first change order which had to do with unit pricing. (b)(6), (b)(7)(C) was the point person for FEI regarding the change orders. (b)(6), (b)(7)(C) never made any comments to (b)(6), (b)(7)(C) such as just submit the change order, it will be taken care of. (b)(6), (b)(7)(C) commented that (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) of Walbridge talked about how they were waiting for something to come down saying that they had to pay the change orders but it never

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happened.

(b)(6), (b) attended bi weekly progress meetings which were held at the Walbridge construction trailer. (b)(6), (b) (7) and (b)(6), (b) (7)(C) regularly participated in the meetings while Walbridge Vice President (b)(6), (b) attended these meetings on average once a month. (b)(6), (b) was asked if (b) recalled being at a meeting with (b)(6), (b) (7)(C) and (b)(6), (b) (7) where (b)(6), (b) explained that Walbridge was going to give (b)(6), (b) a portion of the Patton Park work as Mayor (b)(6), (b)(6), (b) told Walbridge if they didn't do so then (b) would award the Baby Creek contract to (b)(6), (b). (b)(6), (b) replied: "Yes, (b) said (b)(6), (b) (7)(C) would be given Patton Park" and that (b)(6), (b) used more general terms to describe why Walbridge was giving the work to (b) SA (b)(6), (b) (7) asked (b)(6), (b) to review a handwritten memo which describes a meeting such as the one (b) previously described. (See Attachment) (b)(6), (b) commented that it probably happened. (b)(6), (b) stated that the content of the memo sounded familiar and recalled the discussion of the possibility of (b)(6), (b) being given the contract. After the meeting with (b)(6), (b) (7)(C) privately expressed it more clearly to (b)(6), (b) explaining that someone had called the Vice President of Walbridge and told them to award the Recreation Center work to (b)(6), (b) and if not then Walbridge would not be given any more work in the City of Detroit.

(b)(6), (b) thought that the meeting documented in the memo may not have been a bi weekly progress meeting given the fact that it was held at 2:30 in the afternoon and only (b) (b)(6), (b), (b)(6), (b) and (b)(6), (b) (7) were present. The progress meetings were attended by more people and were held at 9 am. The progress meetings were held on the first and third Wednesdays of the month. (b)(6), (b) noted that the meeting had to be held in 2003, not 2002 as written on the memo since the project did not start until June of 2003. The Patton Park work started about six months after the Baby Creek work commenced. (b)(6), (b) regularly took minutes of the progress meetings and agreed to attempt to locate the meeting minutes for the Fall of 2003. (b)(6), (b) also maintained records of the thousands of emails (b) sent regarding the project.

(b)(6), (b) characterized (b)(6), (b) (7) as a "very honest guy" who took care of business. (b)(6), (b) (7) could let (b) emotions get to (b) and was bothered by the politics of it all. (b)(6), (b) commented that if (b)(6), (b) (7) wrote the memo then it was true and likely did so to make sure (b) "ass was covered" in case anything ever came down regarding the contract.

ATTACHMENT

(b) (b)(6), (b) (7) Memo

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